

# ATTACHMENT B

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION  
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT  
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the Liquidation of  
Bernard L. Madoff Investment Securities LLC,

Plaintiff,

v.

THE GERALD AND BARBARA KELLER  
FAMILY TRUST, GERALD E. KELLER, individually  
and in his capacity as Trustee of the Gerald and  
Barbara Keller Family Trust, BARBARA KELLER,  
individually and in her capacity as Trustee of the  
Gerald and Barbara Keller Family Trust,

Defendants.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

Adv. Pro. No. 10-04539 (SMB)

**EXPERT REPORT OF  
MATTHEW B. GREENBLATT, CPA/CFF, CFE  
SENIOR MANAGING DIRECTOR  
FTI CONSULTING, INC.**

**PRINCIPAL BALANCE CALCULATION  
AS APPLIED TO  
THE KELLER DEFENDANTS**

**June 25, 2019**

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## I. INTRODUCTION

1. As described in my Expert Report regarding the Methodology for the Principal Balance Calculation dated November 15, 2012 (the “Principal Balance Calculation Report”), FTI Consulting, Inc. (“FTI”) was retained by Baker & Hostetler LLP, on behalf of the Trustee, to, among other things, reconstruct the books and records of BLMIS. I am a Senior Managing Director at FTI. Additional information regarding my professional experience and recent testimony is included in my Curriculum Vitae annexed hereto as **Exhibit 1**.

2. As part of FTI’s reconstruction of the books and records of BLMIS, chronological listings of all cash and principal transactions for every BLMIS customer account were compiled. These chronological listings provided the foundation to calculate every BLMIS account holder’s principal balance on a daily basis for all dates from April 1, 1981 through December 11, 2008 (the “Principal Balance Calculation”).

3. The Principal Balance Calculation Report explains the methodology of the Principal Balance Calculation and describes the relevant documents and data that were maintained by BLMIS. Accordingly, this report should be read in conjunction with the Principal Balance Calculation Report.<sup>1</sup>

4. This report specifically applies the methodology of the Principal Balance Calculation to the BLMIS account associated with the Gerald and Barbara Keller Family Trust, Gerald E. Keller, and Barbara Keller (collectively, the “Defendants”),<sup>2</sup> in the above-captioned litigation, and provides a description of the cash and principal activity in the BLMIS account impacting the Principal Balance Calculation for BLMIS Account 1ZB314 (the “Keller Account”).<sup>3</sup>

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<sup>1</sup> The opinions that I render in the Principal Balance Calculation Report, the documents that I considered in connection with that Report, and the accompanying Exhibits to that Report, are all incorporated by reference. All capitalized terms not defined herein shall have the meaning ascribed to them in the Principal Balance Calculation Report.

<sup>2</sup> Pursuant to court order, the count(s) seeking to recover subsequent transfers from Gerald E. Keller and Barbara Keller were dismissed without prejudice. *See* Order Granting in Part and Denying in Part Defendants’ Motions to Dismiss, dated July 16, 2015, Adv. No. 10-04539 (SMB), ECF No. 39.

<sup>3</sup> The name on the Keller Account changed over the years it was maintained with BLMIS. Prior to August 1999, the account was under the name of “GERALD KELLER.” From August 1999, the account was under the name of “GERALD E KELLER TSTEE GERALD E KELLER SEP PROPERTY THE GERALD & BARBARA KELLER FAMILY TRUST UA 6/2/98.” (*See* **AMF00058396**, **AMF00058429**, **AMF00058473** and **MDPTPP06905550-MDPTPP06905560**.)

5. This report has been prepared in connection with the above-captioned litigation and is to be used only for the specific purposes of this lawsuit. It is not to be used for any other purpose without the express written consent of FTI. If called upon to testify in this matter, I intend to provide testimony regarding my analyses and conclusions consistent with this report. FTI is being compensated at a rate of \$670 per hour for my professional time incurred in performing the work necessary to prepare this report. FTI's fees are not contingent on the conclusions reached in this report or the outcome of the above-captioned litigation.

6. The documents and data that I considered in connection with this report are listed in **Exhibit 2**. I reserve the right to supplement my report based on any additional documents or information received.

## **II. DESCRIPTION OF ACTIVITY IN THE KELLER ACCOUNT AND THE TRANSACTIONS IMPACTING THE PRINCIPAL BALANCE CALCULATION**

7. The Keller Account was opened with BLMIS in March 1997. Throughout its account history, the Keller Account had a total of 29 cash deposit and withdrawal transactions.

8. The cash deposit and withdrawal transactions all impacted the Principal Balance Calculation for the Keller Account. Each of these transactions was reflected on the Customer Statements between March 1997 and November 2008.

9. **Exhibit 3** to this report (Summary Schedule of Cash and Principal Activity in the Keller Account) provides a summary of the activity in the Keller Account.

10. **Exhibit 4** to this report provides the Detailed Schedule for the Principal Balance Calculation for the Keller Account.

11. On March 20, 1997, the Keller Account was opened with a cash deposit via wire in the amount of \$1,000,000, all representing principal.

12. Subsequent to this initial cash deposit, there were two additional cash deposits via wires into the Keller Account in the aggregate amount of \$1,898,852, all representing principal.

13. In sum, these three cash deposits provided the Keller Account with a total of \$2,898,852 of principal. (See **Exhibit 3**.)

14. Between March 20, 1997 and December 11, 2008, the Keller Account reflected a total of 26 cash withdrawals totaling \$4,795,000.

15. The Principal Balance Calculation for the Keller Account demonstrates that between March 20, 1997 and December 11, 2008, \$4,795,000 was withdrawn from BLMIS, which consisted of \$2,898,852 of principal and an additional \$1,896,148 of funds withdrawn in excess of principal, representing fictitious profits. The \$1,896,148 of fictitious profits was withdrawn within the two-year period prior to December 11, 2008. (See **Exhibit 4** for the Detailed Schedule for the Principal Balance Calculation for the Keller Account.)

### **III. SIGNATURE AND RIGHT TO MODIFY**

16. This report and the exhibits contained herein present my findings and the bases thereof. To the extent that any additional information is produced by any party, I reserve the right to incorporate such additional information into my report or to modify my report as necessary.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Matthew B. Greenblatt", is written over a horizontal line.

Matthew B. Greenblatt, CPA/CFF, CFE  
Senior Managing Director  
FTI Consulting, Inc.

Dated: June 25, 2019

#### **IV. LIST OF EXHIBITS**

**Exhibit 1** – Curriculum Vitae and Testimony of Matthew B. Greenblatt

**Exhibit 2** – Documents Considered

**Exhibit 3** – Summary Schedule of Cash and Principal Activity in the Keller Account

**Exhibit 4** – Detailed Schedule for the Principal Balance Calculation for the Keller Account